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7 Attorney for Defendants
8 Harvey Lobel and Lobel Financial
9 Corporation.

10 **UNITED STATES DISTRICT COURT**
11 **CENTRAL DISTRICT OF CALIFORNIA**

12 UNITED STATES OF AMERICA,

13 Plaintiff,

14 *ex rel.* RELATOR LLC, a California
15 limited liability company,

16 Relator,

17 vs.
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19 HARVEY LOBEL, an individual, LOBEL
20 FINANCIAL CORPORATION, a
21 California Corporation; and DOES 1-10,,
22

23 Defendants.
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25
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27
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Case No. 2:22-cv-04782-MWF-MBK

**DEFENDANTS' ANSWER TO
COMPLAINT**

Complaint Filed: July 13, 2022

1 Defendants Harvey Lobel and Lobel Financial Corporation (“Defendants”)
2 answer the complaint of United States of America, *ex rel* Relator, LLC (“Plaintiff”) as
3 follows.

4 1. Defendants admit that Lobel Financial Corporation received a PPP loan.
5 Defendants deny the remaining allegations in Paragraph 1.

6 2. Defendants deny the allegations in Paragraph 2.

7 3. Defendants deny the allegations in Paragraph 3.

8 4. Defendants deny the allegations in Paragraph 4.

9 5. Defendants deny the allegations in Paragraph 5.

10 6. Defendants deny the allegations in Paragraph 6.

11 7. Paragraph 7 contains legal analysis and/or conclusions. Therefore, no
12 response is required.

13 8. Defendants admit that Harvey Lobel is the President of Lobel Financial.
14 Defendants deny the remaining allegations and implications in Paragraph 8.

15 9. Defendants admit that Lobel Financial Corporation received a PPP loan.
16 Defendants deny the allegation that the loan was not repaid. The PPP loan has been
17 repaid in full with interest.

18 10. Defendants admit that Lobel Financial Corporation received a PPP loan.
19 Defendants deny receiving any loan forgiveness. The PPP loan has been repaid in full
20 with interest.

21 11. Defendants deny the allegations in Paragraph 11.

22 12. Defendants deny the allegations in Paragraph 12.

23 13. Defendants deny the allegations in Paragraph 13.

24 14. Defendants deny the allegations in Paragraph 14.

25 15. Defendants deny the allegations in Paragraph 15.

26 16. Defendants deny the allegations in Paragraph 16.

1 17. Paragraph 17 contains legal analysis and/or conclusions. Therefore, no
2 response is required.

3 18. Paragraph 18 contains legal analysis and/or conclusions. Therefore, no
4 response is required.

5 19. Defendants deny the allegations in Paragraph 19.

6 20. Defendants admit that Lobel Financial Corporation received a PPP loan.
7 Defendants deny receiving any loan forgiveness. The PPP loan has been repaid in full
8 with interest. Defendants deny the remaining allegations contained in Paragraph 20.

9 21. Defendants deny the allegations in Paragraph 21.

10 22. Paragraph 22 identifies Plaintiff and, as such, does not require an answer.

11 23. Defendants admit that Harvey Lobel is the President of Lobel Financial.
12 Defendants deny the remaining allegations and implications in Paragraph 23.

13 24. Admit.

14 25. Admit.

15 26. Paragraph 26 contains legal analysis and/or conclusions. Therefore, no
16 response is required.

17 27. Paragraph 27 contains legal analysis and/or conclusions. Therefore, no
18 response is required.

19 28. Paragraph 28 contains legal analysis and/or conclusions. Therefore, no
20 response is required.

21 29. Paragraph 29 contains legal analysis and/or conclusions. Therefore, no
22 response is required.

23 30. Paragraph 30 contains legal analysis and/or conclusions. Therefore, no
24 response is required.

25 31. Paragraph 31 contains legal analysis and/or conclusions. Therefore, no
26 response is required.

1 32. Paragraph 32 contains legal analysis and/or conclusions. Therefore, no
2 response is required.

3 33. Paragraph 33 contains legal analysis and/or conclusions. Therefore, no
4 response is required.

5 34. Paragraph 34 contains legal analysis and/or conclusions. Therefore, no
6 response is required.

7 35. Paragraph 35 contains legal analysis and/or conclusions. Therefore, no
8 response is required.

9 36. Paragraph 36 contains legal analysis and/or conclusions. Therefore, no
10 response is required.

11 37. Paragraph 37 contains legal analysis and/or conclusions. Therefore, no
12 response is required.

13 38. Paragraph 38 contains legal analysis and/or conclusions. Therefore, no
14 response is required.

15 39. Paragraph 39 contains legal analysis and/or conclusions. Therefore, no
16 response is required.

17 40. Paragraph 40 contains legal analysis and/or conclusions. Therefore, no
18 response is required.

19 41. Paragraph 41 contains legal analysis and/or conclusions. Therefore, no
20 response is required.

21 42. Paragraph 42 contains legal analysis and/or conclusions. Therefore, no
22 response is required.

23 43. Paragraph 43 contains legal analysis and/or conclusions. Therefore, no
24 response is required

25 44. Paragraph 44 contains legal analysis and/or conclusions. Therefore, no
26 response is required.

1 45. Paragraph 45 contains legal analysis and/or conclusions. Therefore, no
2 response is required.

3 46. Paragraph 46 contains legal analysis and/or conclusions. Therefore, no
4 response is required.

5 47. Paragraph 47 contains legal analysis and/or conclusions. Therefore, no
6 response is required.

7 48. Defendants deny the allegations in Paragraph 48.

8 49. Defendants deny the allegations in Paragraph 49.

9 50. Paragraph 50 contains legal analysis and/or conclusions. Therefore, no
10 response is required.

11 51. Defendants deny the allegations in Paragraph 51.

12 52. Defendants admit to completing SBA Form 2483 and obtaining the PPP
13 loan. Defendants deny the remaining allegations in Paragraph 52.

14 53. Defendants admit obtaining the PPP loan. Defendants deny any claims of
15 impropriety in obtaining the PPP loan.

16 54. Defendants deny the allegations in Paragraph 54.

17 55. Defendants deny the allegations in Paragraph 55.

18 56. Defendants deny the allegations in Paragraph 56.

19 57. Defendants deny the allegations in Paragraph 57.

20 58. Defendants deny the allegations in Paragraph 58.

21 59. Defendants deny the allegations in Paragraph 59.

22 60. Paragraph 60 contains legal analysis and/or conclusions. Therefore, no
23 response is required.

24 61. Paragraph 61 contains legal analysis and/or conclusions. Therefore, no
25 response is required.

26 62. Defendants do not dispute the Court's jurisdiction.

27 63. Defendants do not dispute the Court's jurisdiction.

1 64. Defendants do not dispute venue.

2 65. Defendants lack personal knowledge to respond to Paragraph 65 and, on
3 that basis, deny.

4 66. Defendants incorporated paragraphs 1-65 as if fully set forth herein.

5 67. Defendants lack personal knowledge to respond to Paragraph 67 and, on
6 that basis, deny.

7 68. Defendants deny the allegations in Paragraph 68.

8 69. Defendants deny the allegations in Paragraph 69.

9 70. Defendants deny the allegations in Paragraph 70.

10 Separate and affirmative defenses to the Complaint are set forth as follows.

11 **FIRST AFFIRMATIVE DEFENSE**

12 (Failure to State a Cause of Action)

13 1. The Complaint, and each cause of action contained therein, fails to state
14 facts sufficient to constitute a cause of action against Defendants.

15 **SECOND AFFIRMATIVE DEFENSE**

16 (Public Disclosure Bar)

17 2. The Complaint allegations are based on information that was publicly
18 disclosed prior to the filing of this action and Relator, LLC, is not an original source.

19 **THIRD AFFIRMATIVE DEFENSE**

20 (Lack of Standing)

21 3. Plaintiff, Relator, LLC, lacks standing due to no direct knowledge of the
22 allegations contained in the Complaint or injury.

23 **FOURTH AFFIRMATIVE DEFENSE**

24 (Lack of Scierter)

25 4. Defendants did not act knowingly, recklessly, or with deliberate
26 ignorance of the truth or falsity of any claim or statement.

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FIFTH AFFIRMATIVE DEFENSE

(Mistake)

5. Any alleged inaccuracy was the result of excusable error and/or a reasonable misunderstanding.

SIXTH AFFIRMATIVE DEFENSE

(No Materiality)

6. Any alleged misrepresentation was not material to the decision to fund the subject PPP loan.

SEVENTH AFFIRMATIVE DEFENSE

(Uncertainty)

7. The Complaint does not describe the claims against Defendants with sufficient particularity and certainty to enable Defendants to determine what defenses may exist. Defendants reserve the right to assert all defenses that may be pertinent to or arise from Plaintiff's claims against it when their precise nature is ascertained.

EIGHTH AFFIRMATIVE DEFENSE

(Failure to Mitigate)

8. The damages alleged in the Complaint resulted, in whole or in part, from Plaintiff's failure to mitigate its alleged damage.

NINTH AFFIRMATIVE DEFENSE

(Comparative Fault)

9. Plaintiff was comparatively at fault with respect to the matters alleged in the Complaint, and any recovery should be barred or reduced in proportion to their comparative fault.

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TENTH AFFIRMATIVE DEFENSE

(Laches)

10. Plaintiff's claims are barred, in whole or in part, by operation of the doctrine of laches.

ELEVENTH AFFIRMATIVE DEFENSE

(Unclean Hands)

11. Plaintiff's claims are barred, in whole or in part, by operation of the doctrine of unclean hands.

TWELFTH AFFIRMATIVE DEFENSE

(Compliance with Governing Law)

12. Defendants' compliance with the statutes, rules, and regulations which govern the subject matter of this lawsuit precludes their liability to Plaintiff.

THIRTEENTH AFFIRMATIVE DEFENSE

(Unknown Affirmative Defenses)

13. Defendants have not completed discovery in this matter. As such, Defendants reserve the right to amend this Answer to allege additional affirmative defenses if necessary.

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WHEREFORE, Defendants pray:

1. That Plaintiff take nothing by reason of the Complaint;
 2. For judgment in Defendants' favor and dismissal of the Complaint with prejudice;
 3. For reasonable attorneys' fees;
 4. For costs of suit; and
- For such other and further relief as the Court deems just and proper,

Date: June 27, 2025

By: /s/ Jarlath M. Curran

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Attorney for Defendants

Harvey Lobel and Lobel Financial Corporation.